



[4310-T2]

## DEPARTMENT OF THE INTERIOR

### Office of Natural Resources Revenue

[Docket No. ONRR-2011-0021]

#### Agency Information Collection Activities: Submitted for Office of Management and Budget Review, Comment Request

**AGENCY:** Office of Natural Resources Revenue, Interior.

**ACTION:** Notice of an extension of a currently approved information collection (OMB Control Number 1012-0002).

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**SUMMARY:** To comply with the Paperwork Reduction Act of 1995 (PRA), the Office of Natural Resources Revenue (ONRR) is notifying the public that we have submitted to the Office of Management and Budget (OMB) an information collection request (ICR) to renew approval of the paperwork requirements in the regulations under 30 CFR parts 1202, 1206, and 1207. This notice also provides the public with a second opportunity to comment on the paperwork burden of these regulatory requirements.

**DATES:** Submit written comments on or before **(INSERT DATE 30 DAYS AFTER PUBLICATION IN THE *FEDERAL REGISTER*).**

**ADDRESSES:** Submit written comments by either FAX (202) 395-5806 or email ([OIRA\\_Docket@omb.eop.gov](mailto:OIRA_Docket@omb.eop.gov)) directly to the Office of Information and Regulatory Affairs, OMB, Attention: Desk Officer for the Department of the Interior (OMB Control Number 1012-0002).

You may submit a copy of your comments to ONRR by one of the following methods (please use “ICR 1012-0002” as an identifier in your comments):

- Electronically, go to <http://www.regulations.gov>. In the “Search” box, enter “ONRR-2011-0021,” then click “Search.” Follow the instructions to submit public comments. ONRR will post all comments.
- Mail comments to Armand Southall, Regulatory Specialist, ONRR, P.O. Box 25165, MS 64000A, Denver, Colorado 80225-0165.
- Hand-carry comments, or use an overnight courier service, to the Office of Natural Resources Revenue, Building 85, Room A-614, Denver Federal Center, West 6<sup>th</sup> Ave. and Kipling St., Denver, Colorado 80225.

**FOR FURTHER INFORMATION CONTACT:** Armand Southall at (303) 231-3221, or e-mail [armand.southall@onrr.gov](mailto:armand.southall@onrr.gov). You may also contact Mr. Southall to obtain copies, at no cost, of (1) the ICR, (2) any associated forms, and (3) the regulations that require us to collect the information. You may also review the information collection request online at <http://www.reginfo.gov/public/do/PRAMain>.

**SUPPLEMENTARY INFORMATION:**

*Title:* 30 CFR Parts 1202, 1206, and 1207, Indian Oil and Gas Valuation.

*OMB Control Number:* 1012-0002.

*Bureau Form Number:* Forms MMS-4109, MMS-4110, MMS-4295, MMS-4410, and MMS-4411.

**Note:** ONRR will publish a rule updating our form numbers to Forms ONRR-4109, ONRR-4110, ONRR-4295, ONRR-4410, and ONRR-4411.

*Abstract:* The Secretary of the United States Department of the Interior is responsible for mineral resource development on Federal and Indian lands and the Outer Continental

Shelf (OCS). Various laws require the Secretary to manage mineral resource production from Federal and Indian lands and the OCS, collect the royalties and other mineral revenues due, and distribute the collected funds in accordance with applicable laws. The Secretary also has a trust responsibility to manage Indian lands and seek advice and information from Indian beneficiaries. ONRR performs the minerals revenue management functions for the Secretary and assists the Secretary in carrying out the Department's trust responsibility for Indian lands. Public laws pertaining to mineral leases on Federal and Indian lands are available at

*[http://www.onrr.gov/Laws\\_R\\_D/PublicLawsAMR.htm](http://www.onrr.gov/Laws_R_D/PublicLawsAMR.htm).*

Information collections that we cover in this ICR are available at 30 CFR part 1202, subparts C and J, which pertain to royalties; part 1206, subparts B and E, which govern the valuation of produced oil and gas from leases on Indian lands; and part 1207, which pertains to recordkeeping. Indian Tribes and individual Indian mineral owners receive all royalties that generate from their lands. Determining product valuation is essential to ensure that Indian Tribes and individual Indian mineral owners receive payment on the full value of the minerals that lessees remove from their lands. Failure to collect the data that we describe in this ICR could result in the undervaluation of leased minerals on Indian lands. All reported data is subject to subsequent audit and adjustment.

### **Indian Oil**

Regulations at 30 CFR part 1206, subpart B, govern the valuation, for royalty purposes, of all oil that Indian oil and gas leases (tribal and allotted) produce, except leases on the Osage Indian Reservation, and are consistent with mineral leasing laws, other applicable laws, and lease terms. Generally, the regulations provide that lessees

determine the value of oil based upon the higher of (1) the gross proceeds under an arm's-length contract; or (2) major portion analysis. The value that a lessee determines may be eligible for a transportation allowance.

From information collected on Form MMS-4110, Oil Transportation Allowance Report, ONRR and tribal audit personnel evaluate (1) whether lessee-reported transportation allowances are within regulatory allowance limitations and calculated in accordance with applicable regulations; and (2) whether the lessees reported and paid the proper amount of royalties.

### **Indian Gas**

Regulations at 30 CFR part 1206, subpart E, govern the valuation, for royalty purposes, of natural gas that Indian oil and gas leases (tribal and allotted) produce. The regulations apply to all gas production from Indian oil and gas leases, except leases on the Osage Indian Reservation.

Most Indian leases contain the requirement to perform accounting for comparison (dual accounting) for produced gas from the lease. Lessees must elect to perform actual dual accounting, as we define in 30 CFR 1206.176, or alternative dual accounting, as we define in 30 CFR 1206.173. Lessees use Form MMS-4410, Accounting for Comparison [Dual Accounting], to certify that dual accounting is not an ONRR requirement on an Indian lease or to make an election for actual or alternative dual accounting for Indian leases.

The regulations require lessees to submit Form MMS-4411, Safety Net Report, when they sell gas production from an Indian oil or gas lease beyond the first index pricing point. The safety net calculation establishes the minimum value, for royalty purposes, of

natural gas production from Indian oil and gas leases. This reporting requirement ensures that Indian lessors receive all royalties due and aids ONRR compliance efforts.

From information collected on Form MMS-4295, Gas Transportation Allowance Report, ONRR and tribal audit personnel evaluate (1) whether lessee-reported transportation allowances are within regulatory allowance limitations and calculated in accordance with applicable regulations; and (2) whether the lessees reported and paid the proper amount of royalties.

From information collected on Form MMS-4109, Gas Processing Allowance Summary Report, ONRR and tribal audit personnel evaluate (1) whether lessee-reported processing allowances are within regulatory allowance limitations and calculated in accordance with applicable regulations; and (2) whether the lessees reported and paid the proper amount of royalty.

### **Indian Oil and Gas**

Lessees must use Form MMS-4393, Request to Exceed Regulatory Allowance Limitation, for both Federal and Indian leases. Most of the burden hours occur on Federal leases; therefore, this is an ONRR-approved form under ICR 1012-0005, pertaining to Federal oil and gas leases. However, we include a discussion of the form in this ICR, as well as the burden hours for Indian leases. To request permission to exceed a regulatory allowance limit, lessees must (1) submit a letter to ONRR explaining why a higher allowance limit is necessary; and (2) provide supporting documentation, including a completed Form MMS-4393. This form provides ONRR with the data necessary to make a decision whether to approve or deny the request and track deductions on royalty reports.

## Summary

We are requesting OMB's approval to continue to collect this information. Not collecting this information would limit the Secretary's ability to discharge fiduciary duties and may also result in the inability to confirm the accurate royalty value to Indian Tribes and individual Indian mineral owners. ONRR protects proprietary information that it receives and does not collect items of a sensitive nature. The requirement to report is mandatory for Form MMS-4410, Accounting for Comparison [Dual Accounting], and for Form MMS-4411, Safety Net Report, under certain circumstances. For all other forms in this collection, the requirement to report is mandatory in order to obtain a benefit.

*Frequency of Response:* Annually and on occasion.

*Estimated Number and Description of Respondents:* 148 Indian lessees.

*Estimated Annual Reporting and Recordkeeping "Hour" Burden:* 2,269 hours.

We have not included in our estimates certain requirements that occur in the normal course of business and that we consider usual and customary. The following chart shows the estimated burden hours by CFR section and paragraph:

**Respondents' Estimated Annual Burden Hours**

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
Part 1202—ROYALTIES				
Subpart C—Federal and Indian Oil				
1202.101	<b>Standards for reporting and paying royalties.</b> Oil volumes are to be reported in barrels of clean oil of 42 standard U.S. gallons (231 cubic inches each) at 60 °F. . . .	Burden covered under OMB Control Number 1012-0004. Burden covered under §1210.52.		
Subpart J—Gas Production From Indian Leases				
1202.551 (b)	<b>How do I determine the volume of production for which I must pay royalty if my lease is not in an approved</b>	Burden covered under OMB Control Number 1012-0004. Burden covered under §1210.52.		

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
	<b>Federal unit or communitization agreement (AFA)?</b> (b) You and all other persons paying royalties on the lease must report and pay royalties based on your takes. . . .			
1202.551 (c)	(c) You and all other persons paying royalties on the lease may ask ONRR for permission . . . . to report entitlements . . . .	1	1	1
1202.558 (a) and (b)	<b>What standards do I use to report and pay royalties on gas?</b> (a) You must report gas volumes as follows: . . . . (b) You must report residue gas and gas plant product volumes as follows: . . . .	Burden covered under OMB Control Number 1012-0004. Burden covered under §1210.52.		
<b>Part 1206—PRODUCT VALUATION</b> <b>Subpart B—Indian Oil</b>				
1206.56 (b)(2)	<b>Transportation allowances—general.</b> (b)(2) Upon request of a lessee, ONRR may approve a transportation allowance deduction in excess of the limitation prescribed by paragraph (b)(1) of this section. . . . An application for exception (using Form MMS-4393, Request to Exceed Regulatory Allowance Limitation) must contain all relevant and supporting documentation necessary for ONRR to make a determination. . . .	4	1	4
1206.57 (a)(1)(i)	<b>Determination of transportation allowances.</b> (a) <i>Arm’s-length transportation contracts.</i> (1)(i) . . . The lessee shall have the burden of demonstrating that its contract is arm’s-length.	AUDIT PROCESS. See note.		
1206.57 (a)(1)(i)	(a) <i>Arm’s-length transportation contracts.</i> (1)(i) . . . Before any deduction may be taken, the lessee must submit a completed page one of Form MMS-4110 (and Schedule 1), Oil Transportation Allowance Report . . . .	Burden covered under §1206.57(c)(1)(i) and (iii).		
1206.57 (a)(1)(iii)	(a) <i>Arm’s-length transportation contracts.</i> (1)(iii) . . . When ONRR determines that the value of the transportation may be unreasonable, ONRR will notify the lessee and give the lessee an opportunity to provide written information justifying the lessee’s transportation costs.	AUDIT PROCESS. See note.		

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.57 (a)(2)(i)	(a) <i>Arm's-length transportation contracts.</i> (2)(i) . . . Except as provided in this paragraph, no allowance may be taken for the costs of transporting lease production which is not royalty-bearing without ONRR approval.	Burden covered under §1206.57(a)(3).		
1206.57 (a)(2)(ii)	(a) <i>Arm's-length transportation contracts.</i> (2)(ii) Notwithstanding the requirements of paragraph (i), the lessee may propose to ONRR a cost allocation method on the basis of the values of the products transported. . . .	20	1	20
1206.57 (a)(3)	(a) <i>Arm's-length transportation contracts.</i> (3) If an arm's-length transportation contract includes both gaseous and liquid products, and the transportation costs attributable to each product cannot be determined from the contract, the lessee shall propose an allocation procedure to ONRR. . . . The lessee shall submit all available data to support its proposal. . . .	40	1	40
1206.57 (b)(1)	(b) <i>Non-arm's-length or no contract.</i> (1) . . . A transportation allowance may be claimed retroactively for a period of not more than 3 months prior to the first day of the month that Form MMS-4110 is filed with ONRR, unless ONRR approves a longer period upon a showing of good cause by the lessee. . . .	Burden covered under §1206.57(c)(2)(i) and (iii).		
1206.57 (b)(1)	(b) <i>Non-arm's-length or no contract.</i> (1) . . . When necessary or appropriate, ONRR may direct a lessee to modify its actual transportation allowance deduction.	Burden covered under OMB Control Number 1012-0004. Burden covered under §1210.52.		
1206.57 (b)(2)(iv)	(b) <i>Non-arm's-length or no contract.</i> (2)(iv) . . . After a lessee has elected to use either method for a transportation system, the lessee may not later elect to change to the other alternative without approval of ONRR.	20	1	20
1206.57 (b)(2)(iv) (A)	(b) <i>Non-arm's-length or no contract.</i> (2)(iv)(A) . . . After an election is made, the lessee may not change methods without ONRR approval. . . .	20	1	20
1206.57 (b)(3)(i)	(b) <i>Non-arm's-length or no contract.</i> (3)(i) . . . Except as provided in this paragraph, the lessee may not take an allowance for transporting lease production which is not royalty bearing without ONRR approval.	40	1	40



30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.57 (b)(3)(ii)	(b) <i>Non-arm's-length or no contract.</i> (3)(ii) Notwithstanding the requirements of paragraph (i), the lessee may propose to ONRR a cost allocation method on the basis of the values of the products transported. . . .	20	1	20
1206.57 (b)(4)	(b) <i>Non-arm's-length or no contract.</i> (4) Where both gaseous and liquid products are transported through the same transportation system, the lessee shall propose a cost allocation procedure to ONRR. . . . The lessee shall submit all available data to support its proposal. . . .	20	1	20
1206.57 (b)(5)	(b) <i>Non-arm's-length or no contract.</i> (5) A lessee may apply to ONRR for an exception from the requirement that it compute actual costs in accordance with paragraphs (b)(1) through (b)(4) of this section. . . .	20	1	20
1206.57 (c)(1)(i)	(c) <i>Reporting requirements.</i> (1) <i>Arm's-length contracts.</i> (i) With the exception of those transportation allowances specified in paragraphs (c)(1)(v) and (c)(1)(vi) of this section, the lessee shall submit page one of the initial Form MMS-4110 (and Schedule 1), Oil Transportation Allowance Report, prior to, or at the same time as, the transportation allowance determined, under an arm's-length contract, is reported on Form MMS-2014, Report of Sales and Royalty Remittance. . . .	4	1	4
1206.57 (c)(1)(iii)	(c) <i>Reporting requirements.</i> (1) <i>Arm's-length contracts.</i> (iii) After the initial reporting period and for succeeding reporting periods, lessees must submit page one of Form MMS-4110 (and Schedule 1) within 3 months after the end of the calendar year, or after the applicable contract or rate terminates or is modified or amended, whichever is earlier, unless ONRR approves a longer period (during which period the lessee shall continue to use the allowance from the previous reporting period).	4	1	4

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.57 (c)(1)(iv)	(c) <i>Reporting requirements.</i> (1) <i>Arm's-length contracts.</i> (iv) ONRR may require that a lessee submit arm's-length transportation contracts, production agreements, operating agreements, and related documents. Documents shall be submitted within a reasonable time, as determined by ONRR.	AUDIT PROCESS. See note.		
1206.57 (c)(2)(i)	(c) <i>Reporting requirements.</i> (2) <i>Non-arm's-length or no contract.</i> (i) With the exception of those transportation allowances specified in paragraphs (c)(2)(v), (c)(2)(vii) and (c)(2)(viii) of this section, the lessee shall submit an initial Form MMS-4110 prior to, or at the same time as, the transportation allowance determined under a non-arm's-length contract or no-contract situation is reported on Form MMS-2014. . . . The initial report may be based upon estimated costs.	6	1	6
1206.57 (c)(2)(iii)	(c) <i>Reporting requirements.</i> (2) <i>Non-arm's-length or no contract.</i> (iii) For calendar-year reporting periods succeeding the initial reporting period, the lessee shall submit a completed Form MMS-4110 containing the actual costs for the previous reporting period. If oil transportation is continuing, the lessee shall include on Form MMS-4110 its estimated costs for the next calendar year. . . . ONRR must receive the Form MMS-4110 within 3 months after the end of the previous reporting period, unless ONRR approves a longer period (during which period the lessee shall continue to use the allowance from the previous reporting period).	6	1	6
1206.57 (c)(2)(iv)	(c) <i>Reporting requirements.</i> (2) <i>Non-arm's-length or no contract.</i> (iv) For new transportation facilities or arrangements, the lessee's initial Form MMS-4110 shall include estimates of the allowable oil transportation costs for the applicable period. . . .	Burden covered under §1206.57(c)(2)(i).		
1206.57 (c)(2)(v)	(c) <i>Reporting requirements.</i> (2) <i>Non-arm's-length or no contract.</i> (v) . . . only those allowances that have been approved by ONRR in writing . . .	Burden covered under §1206.57(c)(2)(i).		

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.57 (c)(2)(vi)	(c) <i>Reporting requirements.</i> (2) <i>Non-arm's-length or no contract.</i> (vi) Upon request by ONRR, the lessee shall submit all data used to prepare its Form MMS-4110. The data shall be provided within a reasonable period of time, as determined by ONRR.	AUDIT PROCESS. See note.		
1206.57 (c)(4) and (e)(2)	(c) <i>Reporting requirements.</i> (4) Transportation allowances must be reported as a separate line item on Form MMS-2014, . . . (e) <i>Adjustments.</i> (2) For lessees transporting production from Indian leases, the lessee must submit a corrected Form MMS-2014 to reflect actual costs, . . .	Burden covered under OMB Control Number 1012-0004. Burden covered under §1210.52.		
1206.59	<b>May I ask ONRR for valuation guidance?</b> You may ask ONRR for guidance in determining value. You may propose a value method to ONRR. Submit all available data related to your proposal and any additional information ONRR deems necessary. . . .	20	1	20
1206.61 (a) and (b)	<b>What records must I keep and produce?</b> (a) On request, you must make available sales, volume, and transportation data for production you sold, purchased, or obtained from the field or area. You must make this data available to ONRR, Indian representatives, or other authorized persons. (b) You must retain all data relevant to the determination of royalty value. . . .	AUDIT PROCESS. See note.		
<b>Part 1206—PRODUCT VALUATION</b> <b>Subpart E—Indian Gas</b>				
1206.172 (b)(1)(ii)	<b>How do I value gas produced from leases in an index zone?</b> (b) <i>Valuing residue gas and gas before processing.</i> (1)(ii) Gas production that you certify on Form MMS-4410, . . . is not processed before it flows into a pipeline with an index but which may be processed later; . . .	4	58	232

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.172 (e)(6)(i) and (iii)	(e) <i>Determining the minimum value for royalty purposes of gas sold beyond the first index pricing point.</i> (6)(i) You must report the safety net price for each index zone to ONRR on Form MMS-4411, Safety Net Report, no later than June 30 following each calendar year; . . . (iii) ONRR may order you to amend your safety net price within one year from the date your Form MMS-4411 is due or is filed, whichever is later. . . .	3	11	33
1206.172 (e)(6)(ii)	(e) <i>Determining the minimum value for royalty purposes of gas sold beyond the first index pricing point.</i> (6)(ii) You must pay and report on Form MMS-2014 additional royalties due no later than June 30 following each calendar year; . . .	Burden covered under OMB Control Number 1012-0004. Burden covered under §1210.52.		
1206.172 (f)(1)(ii), (f)(2), and (f)(3)	(f) <i>Excluding some or all tribal leases from valuation under this section.</i> (1) An Indian tribe may ask ONRR to exclude some or all of its leases from valuation under this section. . . . (ii) If an Indian tribe requests exclusion from an index zone for less than all of its leases, ONRR will approve the request only if the excluded leases may be segregated into one or more groups based on separate fields within the reservation. (2) An Indian tribe may ask ONRR S to terminate exclusion of its leases from valuation under this section. . . . (3) The Indian tribe's request to ONRR under either paragraph (f)(1) or (2) of this section must be in the form of a tribal resolution. . . .	40	1	40
1206.173 (a)(1)	<b>How do I calculate the alternative methodology for dual accounting?</b> (a) <i>Electing a dual accounting method.</i> (1) . . . You may elect to perform the dual accounting calculation according to either §1206.176(a) (called actual dual accounting), or paragraph (b) of this section (called the alternative methodology for dual accounting).	2	12	24
1206.173 (a)(2)	(a) <i>Electing a dual accounting method.</i> (2) You must make a separate election to use the alternative methodology for dual accounting for your Indian leases in each ONRR S-designated area. . . .	Burden covered under §1206.173(a)(1).		

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.174 (a)(4)(ii)	<p><b>How do I value gas production when an index-based method cannot be used?</b></p> <p>(a) <i>Situations in which an index-based method cannot be used.</i></p> <p>(4)(ii) If the major portion value is higher, you must submit an amended Form MMS-2014 to ONRR by the due date specified in the written notice from ONRR of the major portion value. . . .</p>	Burden covered under OMB Control Number 1012-0004. Burden covered under §1210.52.		
1206.174 (b)(1)(i) and (iii); (b)(2); (d)(2)	<p>(b) <i>Arm's-length contracts.</i></p> <p>(1)(i) You have the burden of demonstrating that your contract is arm's-length. . . .</p> <p>(iii) . . . In these circumstances, ONRR will notify you and give you an opportunity to provide written information justifying your value. . . .</p> <p>(2) ONRR may require you to certify that your arm's-length contract provisions include all of the consideration the buyer pays, either directly or indirectly, for the gas, residue gas, or gas plant product.</p> <p>(d) <i>Supporting data.</i></p> <p>(2) You must make all such data available upon request to the authorized ONRR or Indian representatives, to the Office of the Inspector General of the Department, or other authorized persons. . . .</p>	AUDIT PROCESS. See note.		
1206.174 (d)	(d) <i>Supporting data.</i> If you determine the value of production under paragraph (c) of this section, you must retain all data relevant to determination of royalty value.	Burden covered under OMB Control Number 1012-0004.		
1206.174 (f)	(f) <i>Value guidance.</i> You may ask ONRR for guidance in determining value. You may propose a valuation method to ONRR. Submit all available data related to your proposal and any additional information ONRR deems necessary. . . .	40	1	40
1206.175 (d)(4)	<p><b>How do I determine quantities and qualities of production for computing royalties?</b></p> <p>(d)(4) You may request ONRR approval of other methods for determining the quantity of residue gas and gas plant products allocable to each lease. . . .</p>	20	1	20

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.176 (b)	<b>How do I perform accounting for comparison?</b> (b) If you are required to account for comparison, you may elect to use the alternative dual accounting methodology provided for in §1206.173 instead of the provisions in paragraph (a) of this section.	Burden covered under §1206.173(a)(1).		
1206.176 (c)	(c) . . . If you do not perform dual accounting, you must certify to ONRR that gas flows into such a pipeline before it is processed.	Burden covered under §1206.172(b)(1)(ii).		
TRANSPORTATION ALLOWANCES				
1206.177 (c)(2) and (c)(3)	<b>What general requirements regarding transportation allowances apply to me?</b> (c)(2) If you ask ONRR, ONRR may approve a transportation allowance deduction in excess of the limitation in paragraph (c)(1) of this section. . . . (3) Your application for exception (using Form MMS-4393, Request to Exceed Regulatory Allowance Limitation) must contain all relevant and supporting documentation necessary for ONRR to make a determination.	Burden covered under §1206.56(b)(2).		
1206.178 (a)(1)(i)	<b>How do I determine a transportation allowance?</b> (a) <i>Determining a transportation allowance under an arm's-length contract.</i> (1)(i) . . . You are required to submit to ONRR a copy of your arm's-length transportation contract(s) and all subsequent amendments to the contract(s) within 2 months of the date ONRR receives your report which claims the allowance on the Form MMS-2014.	1	18	18
1206.178 (a)(1)(iii)	(a) <i>Determining a transportation allowance under an arm's-length contract.</i> (1)(iii) If ONRR determines that the consideration paid under an arm's-length transportation contract does not reflect the value of the transportation because of misconduct by or between the contracting parties . . . In these circumstances, ONRR will notify you and give you an opportunity to provide written information justifying your transportation costs.	AUDIT PROCESS. See note.		

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.178 (a)(2)(i) and (ii)	(a) <i>Determining a transportation allowance under an arm's-length contract.</i> (2)(i) . . . you cannot take an allowance for the costs of transporting lease production that is not royalty bearing without ONRR approval, or without lessor approval on tribal leases. (ii) As an alternative to paragraph (a)(2)(i) of this section, you may propose to ONRR a cost allocation method based on the values of the products transported. . . .	20	1	20
1206.178 (a)(3)(i) and (ii)	(a) <i>Determining a transportation allowance under an arm's-length contract.</i> (3)(i) If your arm's-length transportation contract includes both gaseous and liquid products and the transportation costs attributable to each cannot be determined from the contract, you must propose an allocation procedure to ONRR. . . . (ii) You are required to submit all relevant data to support your allocation proposal. . . . .	40	1	40
1206.178 (b)(1)(ii)	(b) <i>Determining a transportation allowance under a non-arm's-length contract or no contract.</i> (1)(ii) . . . You must submit the actual cost information to support the allowance to ONRR on Form MMS-4295, Gas Transportation Allowance Report, within 3 months after the end of the 12-month period to which the allowance applies. . . .	15	5	75
1206.178 (b)(2)(iv)	(b) <i>Determining a transportation allowance under a non-arm's-length contract or no contract.</i> (2)(iv) You may use either depreciation with a return on undepreciated capital investment or a return on depreciable capital investment. . . . you may not later elect to change to the other alternative without ONRR approval.	20	1	20
1206.178 (b)(2)(iv) (A)	(b) <i>Determining a transportation allowance under a non-arm's-length contract or no contract.</i> (2)(iv)(A) . . . Once you make an election, you may not change methods without ONRR approval. . . .	20	1	20

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.178 (b)(3)(i)	(b) <i>Determining a transportation allowance under a non-arm's-length contract or no contract.</i> (3)(i) . . . Except as provided in this paragraph, you may not take an allowance for transporting a product that is not royalty bearing without ONRR approval.	40	1	40
1206.178 (b)(3)(ii)	(b) <i>Determining a transportation allowance under a non-arm's-length contract or no contract.</i> (3)(ii) As an alternative to the requirements of paragraph (b)(3)(i) of this section, you may propose to ONRR a cost allocation method based on the values of the products transported. . . .	20	1	20
1206.178 (b)(5)	(b) <i>Determining a transportation allowance under a non-arm's-length contract or no contract.</i> (5) If you transport both gaseous and liquid products through the same transportation system, you must propose a cost allocation procedure to ONRR. . . . You are required to submit all relevant data to support your proposal. . . .	40	1	40
1206.178 (d)(1)	(d) <i>Reporting your transportation allowance.</i> (1) If ONRR requests, you must submit all data used to determine your transportation allowance . . .	AUDIT PROCESS. See note.		
1206.178 (d)(2), (e), and (f)(1)	(d) <i>Reporting your transportation allowance.</i> (2) You must report transportation allowances as a separate entry on Form MMS-2014. . . . (e) <i>Adjusting incorrect allowances.</i> If for any month the transportation allowance you are entitled to is less than the amount you took on Form MMS-2014, you are required to report and pay additional royalties due, plus interest computed under 30 CFR 1218.54 from the first day of the first month you deducted the improper transportation allowance until the date you pay the royalties due. . . . (f) <i>Determining allowable costs for transportation allowances.</i> . . . (1) <i>Firm demand charges paid to pipelines.</i> . . . You must modify the Form MMS-2014 by the amount received or credited for the affected reporting period.	Burden covered under OMB Control Number 1012-0004. Burden covered under §1210.52.		



30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
PROCESSING ALLOWANCES				
1206.180 (a)(1)(i)	<p><b>How do I determine an actual processing allowance?</b></p> <p><i>(a) Determining a processing allowance if you have an arm's-length processing contract.</i></p> <p>(1)(i) . . . You have the burden of demonstrating that your contract is arm's-length. You are required to submit to ONRR a copy of your arm's-length contract(s) and all subsequent amendments to the contract(s) within 2 months of the date ONRR receives your first report that deducts the allowance on the Form MMS-2014.</p>	1	2	2
1206.180 (a)(1)(iii)	<p><i>(a) Determining a processing allowance if you have an arm's-length processing contract.</i></p> <p>(1)(iii) If ONRR determines that the consideration paid under an arm's-length processing contract does not reflect the value of the processing because of misconduct by or between the contracting parties . . . In these circumstances, ONRR will notify you and give you an opportunity to provide written information justifying your processing costs.</p>	AUDIT PROCESS. See note.		
1206.180 (a)(3)	<p><i>(a) Determining a processing allowance if you have an arm's-length processing contract.</i></p> <p>(3) If your arm's-length processing contract includes more than one gas plant product and the processing costs attributable to each product cannot be determined from the contract, you must propose an allocation procedure to ONRR. . . . You are required to submit all relevant data to support your proposal. . . .</p>	40	1	40
1206.180 (b)(1)(ii)	<p><i>(b) Determining a processing allowance if you have a non-arm's-length contract or no contract.</i></p> <p>(1)(ii) . . . You must submit the actual cost information to support the allowance to ONRR on Form MMS-4109, Gas Processing Allowance Summary Report, within 3 months after the end of the 12-month period for which the allowance applies. . . .</p>	100	12	1,200

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.180 (b)(2)(iv)	(b) <i>Determining a processing allowance if you have a non-arm's-length contract or no contract.</i> (2)(iv) You may use either depreciation with a return on undepreciable capital investment or a return on depreciable capital investment. . . . you may not later elect to change to the other alternative without ONRR approval.	20	1	20
1206.180 (b)(2)(iv) (A)	(b) <i>Determining a processing allowance if you have a non-arm's-length contract or no contract.</i> (2)(iv)(A) . . . Once you make an election, you may not change methods without ONRR approval. . . .	20	1	20
1206.180 (b)(3)	(b) <i>Determining a processing allowance if you have a non-arm's-length contract or no contract.</i> (3) Your processing allowance under this paragraph (b) must be determined based upon a calendar year or other period if you and ONRR agree to an alternative.	20	1	20
1206.180 (c)(1)	(c) <i>Reporting your processing allowance.</i> (1) If ONRR requests, you must submit all data used to determine your processing allowance. . . .	AUDIT PROCESS. See note.		
1206.180 (c)(2) and (d)	(c) <i>Reporting your processing allowance.</i> (2) You must report gas processing allowances as a separate entry on the Form MMS-2014. . . . (d) <i>Adjusting incorrect processing allowances.</i> If for any month the gas processing allowance you are entitled to is less than the amount you took on Form MMS-2014, you are required to pay additional royalties, plus interest computed under 30 CFR 1218.54 from the first day of the first month you deducted a processing allowance until the date you pay the royalties due. . . .	Burden covered under OMB Control Number 1012-0004. Burden covered under §1210.52.		

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.181 (c)	<p><b>How do I establish processing costs for dual accounting purposes when I do not process the gas?</b></p> <p>(c) A proposed comparable processing fee submitted to either the tribe and ONRR (for tribal leases) or ONRR (for allotted leases) with your supporting documentation submitted to ONRR. If ONRR does not take action on your proposal within 120 days, the proposal will be deemed to be denied and subject to appeal to the ONRR Director under 30 CFR part 1290.</p>	40	1	40
<b>PART 1207—SALES AGREEMENTS OR CONTRACTS GOVERNING THE DISPOSAL OF LEASE PRODUCTS</b> <b>Subpart A—General Provisions</b>				
1207.4 (b)	<p><b>Contracts made pursuant to old form leases.</b></p> <p>(b) The stipulation, the substance of which must be included in the contract, or be made the subject matter of a separate instrument properly identifying the leases affected thereby, is as follows . . .</p>	AUDIT PROCESS. See note.		
1207.5	<p><b>Contract and sales agreement retention.</b></p> <p>Copies of all sales contracts, posted price bulletins, etc., and copies of all agreements, other contracts, or other documents which are relevant to the valuation of production are to be maintained by the lessee and made available upon request during normal working hours to authorized ONRR, State or Indian representatives, other ONRR or BLM officials, auditors of the General Accounting Office, or other persons authorized to receive such documents, or shall be submitted to ONRR within a reasonable period of time, as determined by ONRR. Any oral sales arrangement negotiated by the lessee must be placed in written form and retained by the lessee. Records shall be retained in accordance with 30 CFR part 1212.</p>	AUDIT PROCESS. See note.		
<b>TOTAL BURDEN</b>			<b>148</b>	<b>2,269</b>

Note: AUDIT PROCESS—The Office of Regulatory Affairs determined that the audit process is exempt from the Paperwork Reduction Act of 1995 because ONRR staff asks non-standard questions to resolve exceptions.

*Estimated Annual Reporting and Recordkeeping “Non-hour” Cost Burden:* We have identified no “non-hour” cost burdens.

*Public Disclosure Statement:* The PRA (44 U.S.C. 3501 *et seq.*) provides that an agency may not conduct or sponsor, and a person does not have to respond to, a collection of information unless it displays a currently valid OMB control number.

*Comments:* Before submitting an ICR to OMB, PRA section 3506(c)(2)(A) requires each agency to “\* \* \* provide 60-day notice in the *Federal Register* \* \* \* and otherwise consult with members of the public and affected agencies concerning each proposed collection of information \* \* \*.” Agencies must specifically solicit comments to (a) evaluate whether the proposed collection of information is necessary in order for the agency to perform its duties, including whether the information is useful; (b) evaluate the accuracy of the agency’s estimate of the burden of the proposed collection of information; (c) enhance the quality, usefulness, and clarity of the information that the agency collects; and (d) minimize the burden on the respondents, including the use of automated collection techniques or other forms of information technology.

To comply with the public consultation process, ONRR published a notice in the *Federal Register* on December 8, 2011 (76 FR 76746), announcing that we would submit this ICR to OMB for approval. (We published an additional notice in the *Federal Register* on December 15, 2011 (76 FR 78033) correcting the response date for comments.) The notice provided the required 60-day comment period. We received no comments in response to the notice.

If you wish to comment in response to this notice, you may send your comments to the offices that we listed under the ADDRESSES section of this notice. OMB has up to

60 days to approve or disapprove the information collection, but they may respond after 30 days. Therefore, to ensure maximum consideration, OMB should receive public comments by **[INSERT DATE 30 DAYS AFTER THE DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].**

*Public Comment Policy:* We will post all comments, including names and addresses of respondents, at <http://www.regulations.gov>. Before including your address, phone number, email address, or other personal identifying information in your comment, you should be aware that we may make your entire comment—including your personal identifying information—publicly available at any time. While you can ask us, in your comment, to withhold your personal identifying information from public view, we cannot guarantee that we will be able to do so.

*Office of the Secretary, Information Collection Clearance Officer:* Laura Dorey (202) 208-2654.

\_\_\_\_ July 17, 2012 \_\_\_\_\_

Date	Gregory J. Gould, Director, Office of Natural Resources Revenue
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